THE REVITALIZATION OF COMMUNITY ENTERPRISE: THE ALBERTA CASE FOR "PRIVATIZING" SOCIAL SERVICES

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The building of Alberta could not have been done at any cost without the contributions of the pioneer, the entrepreneur, and the volunteer. The voluntary exercising of personal, family, and community social responsibility is part of Alberta's proud heritage.

This paper is about Alberta and the "privatization" of public social services. It is argued that the transfer of public responsibility for social service delivery to the non-public sector should consider inclusion of both the private and voluntary sectors. This broader perspective of "privatization" is identified as "the revitalization of community enterprise". This orientation is more compatible with the history and culture of social services, offers a broader opportunity for full participation of all sectors of society, and for achieving a range of mid- and long-term socio-economic objectives.

The paper is organized as follows:

1. Recent history. The recent history of Alberta's public social services has two stages: a period of growth and prosperity and a period of increased service demand and service productivity. Incremental growth is attributable to several forces including inflation and unemployment.

2. Future. There are various forces of change transforming the overall socio-economic environment. These forces are complementing the drive for service efficiency and effectiveness and for reducing the involvement of Government in public service delivery while retaining responsibility for

the redistribution of wealth and for ensuring health and welfare to a prescribed standard.

3. Revitalizing Community Enterprise. The revitalization of community enterprise is discussed as the application of "privatization" in the social sector. It is recognized as a further extension of decentralization respecting Government's intent to reduce its direct intervention in matters of personal, family, and community health and welfare. Strategic options are explained for each social service line. Illustrative examples - case studies - are cited for possible discussion.

4. Planning and Implementation. The staging of a transfer, the implications, and a general tool for assessing the readiness and feasibility of a service for transfer are discussed.

RECENT HISTORY

GROWTH AND PROSPERITY: 1970-1979.

Provinces - over the last fifty years - have accumulated broad responsibility for ensuring the social welfare of their citizenry. Service coverage has been expanded. Equity of access improved. And, the number of programs have escalated . . . with ever-increasing expenditures. As social services have become public services, their financing has been guaranteed through the Government's power of taxing personal and corporate wealth. Public wealth is typically redistributed in the form of pensions, benefits, and allowances to individuals or to other jurisdictions. A significant portion of public wealth, however, is retained within Government for the financing of staff-intensive direct service responsibilities.

Incremental growth in service coverage, budget expenditures, and the overall size of Alberta's Department of Social Services and Community Health was apparent for all programs throughout the 1970's. These programs include: financial assistance, social assistance, community service, and services of homes and institutions. Overall budget expenditures grew from approximately $90 million/year in 1970/71 to $475 million/year by 1979/80. The Department's

overall staff complement increased during this period from under 1,500 to 8,000.

Incremental growth in the 1970's is attributable to several factors including: the assumption by the Department of service responsibility from other jurisdictions, deinstitutionalization and the development of comprehensive community services for the handicapped, inflation and its impact on the cost of living and manpower-intensive services, and the development of a health and social service infrastructure for accommodating societal pressures during the rapid development of Alberta's natural resources.

Increased Responsibility. The responsibilities assumed by the Department from other jurisdictions accounted for over 4,500 of the 6,500 man-year increase in the Department's overall man-year staff complement during the 1970's.

The responsibility for serving young offenders was assumed from the Attorney General's Department in 1970 (and transferred to the Solicitor General's Department in 1984). The Department of Health Services - including mental health, preventative and community health services - was integrated in 1971 with the Department of Social Development bringing with it Alberta Hospitals: Oliver and Ponoka serving persons with mental illness. Also transferred was responsibility for Alberta School Hospital and Deer Home in Red Deer accommodating children and adults, respectively, with mental retardation. Also in 1971, the Department assumed direct responsibility for the administration of programs of financial assistance, formerly administered by municipalities.

During this same period, housing and rehabilitation for senior citizens and Metis were transferred from the Department.

Expenditures for newly-assumed responsibilities represented more than 20% (over $100 million) of the $385 million/year increase in expenditures during the 1970's.

Deinstitutionalization. The assumption of responsibility for a number of institutions was accompanied by a commitment to deinstitutionalization through the development of community service alternatives. The Blair Report, released in the early 1970's, called for a reduced reliance on provincial institutions and increased development of regional and community services for persons with mental retardation and mental illness. The Klufas Report, released in the early 1980's, highlights the transformation which occurred during the 1970's in services for persons with mental retardation during which time: the population of the Provincial institution (i.e., Michener Centre) was reduced from 2,400 to 1,650 beds while overall Government expenditures increased from $63 million to $641 million for the handicapped as an array of community, family, and personal service supports were established. This led to a broadening of responsibility for the handicapped and a normalization of their lifestyles.

Inflation. The Consumer Price Index almost doubled between 1970 and 1979 (and almost doubled again by 1985) adding more than 40% (over $200 million) to the Department's annual expenditures by 1980. Expenditures were increased to maintain the level of financial assistance in the form of pensions, benefits, and allowances for Albertans dependent upon the Department. The cost of supplies and services associated with the administration of the Department's various programs was also increased. Significant salary and benefit adjustments were negotiated for several thousand staff engaged in the administration of public services for the Department in the 1970's.

Service Coverage. During the 1970's, increased migration to Alberta contributed to an overall increase in the province's population from 1.6 to 2.1 million (increasing to 2.3 million by 1982). The province's social service infrastructure was strengthened during this period of rapid economic growth and social development by almost doubling the number of District Offices across the province, thereby improving service access, particularly for those centres experiencing the most rapid growth. These offices afford the public with access to programs of social and financial support.

The opportunities afforded by the buoyant economy absorbed those migrating into Alberta and enabled maintenance of a low unemployment rate - averaging below 4% in 1979/80 and a high participation rate - 67.2%. These factors helped suppress any increase in demand for financial assistance. The average number of recipients/month of social assistance - while varying over the period 1970 to 1979 - was essentially the same in 1979 as in 1970 at 29,000 versus 32,000/month.

The most noticeable change in the composition of recipients during the 1970's was an increase in the proportion of single women in receipt of social allowance. However, any increase in volume was compensated for as clientele were transferred from the social allowance program with a broadening of pension program coverage to include the aged and severely handicapped. Introduction of the day care program in 1978 and subsequent provision of day care subsidies also helped to increase the participation of women in the workforce.

Although the number of financial assistance recipients remained relatively stable, the level of expenditures for financial assistance grew from approximately $69 million to $170 million reflecting the impact of both inflation and expanded coverage of the pension programs. The number of pension recipients increased from 9,000 to over 85,000 between 1970 and 1979 with expenditures in this area alone increasing from $3 million to over $41 million for Albertans by 1980.

In 1970, 8,400 children were in care through programs of Child Welfare; this number was essentially the same in 1979 with 8,900 children in care. Expenditures, however, in the area of child welfare increased dramatically from $8 million to $45 million/year. This increase reflects, in part, a broadening of provincial support for single parent families and families with handicapped children.

The role of municipalities in the area of preventative community health and social services also expanded throughout the 1970's. Grants to local health authorities for preventative health services increased during the 1970's to

$40.7 million while grants for preventative social services increased from $2 million to $19.7 million by 1980.

Clearly substantial gains were achieved in the 1970's lending support to claims of the modernization of Alberta's social services. The safety-net, in combination with economic growth and prosperity made its unique contribution to the overall stability of the province during this period of exceptional socio-economic development.

The growth so evident during the 1970's was generally attributable to inflation, the strengthening of the province's social infrastructure, and a broadening of Departmental responsibilities; the turbulence of the 1980's has been in part a response to the province's recent past and a service restructuring for its more immediate future.

INCREASING PRODUCTIVITY: 1980-1985

The period of 1980-1985 is clearly one of the most turbulent in the province's young history. In the early 1980's, optimism was running high with prosperity anticipated into the foreseeable future. The only significant blemish on the economy was double-digit inflation which added another $377 million to the doubling of Departmental expenditures to over $1 billion by 1985.

Inflation was not the only issue of concern in the early 1980's. After a decade of steady growth, it was apparent that program reshaping could lead to gains in service quality and that organizational restructuring would lead to gains in service efficiency. The Department, in other words, was overdue for an efficiency "check-up". In April 1981, the Alberta Provincial Government proclaimed its intent to regionalize Departmental operations. Increases in service responsiveness, service access, and service co-ordination were to be realized through the establishment of a clear locus of decentralized service and resource authority. The segmentation of responsibility to six regional directors was to improve the overall management of the Department's greatly increased service and resource responsibility.

The initiation of these organizational adjustments in an environment of entrenched inflation was followed almost immediately by the impact of an international recession and the federal government's National Energy Program. Departmental caseloads, which were generally comparable in 1980 to those in 1970, swelled. The dramatic rise in unemployment from under 4% to over 12% led almost immediately to an increase in the number of social allowance recipients topping 50,000/month with the greatest increases registered as persons employable and single parents. Expenditures in this area alone have risen from $180 million to $440 million between 1980 and 1985.

Expenditures in the area of child welfare had continued to increase from 1980 through 1983 though well-established decreases have been evident in the last two years. Child welfare has also been an area of increased community interest particularly among natives which are seeking a resumption of responsibility in matters of child welfare. New child welfare legislation is expected to further strengthen family responsibility in the domain of child welfare, provide clearer guidelines to ensure minimum state intervention, and to further clarify the role of the province as the public child guardian.

The following section highlights gains in addition to regionalization which effected an increase in service productivity during the period of increased service demand. These gains, in general, reflect an increase in the corporate consciousness to manage resources without sacrificing public service quality.

Regionalization. The Department embarked upon a decentralization of its program authorities and resource management responsibility in April 1981. This undertaking was to improve service responsiveness, match program and resource authority and responsibility, without substantially increasing the Department's overall man-year allocation. This has been achieved.

Reallocation. Supplementary revenue has been warranted in areas of increased service demand for financial assistance in the interest of maintaining the purchasing power of single parents, pensioners, and the recent unemployed. Otherwise, reallocation strategies have proved effective in helping to improve the overall utilization of existing budgetary resources.

In fact, regionalization of program and resource authority strengthened control over expenditures; in fact, public service quality has been maintained with the growth rate of expenditures contained.

The need for increasing productivity has been clearly inculcated into the culture of the Department with staff increasingly conscious of the finite limits of the Department's resources. This organization, as so many others in Government, has recognized that "increasing productivity" is a theme of continuing relevance and complementary to the Department's mandate of helping individuals, families, and communities assume responsibility for their health and welfare.

Service Growth and Hiring Restraint. Though caseloads in child welfare have recently been decreasing, an increase in expenditures and associated increase in caseloads of other programs have been accommodated without additional staffing. Increases in the number of applications processed per year, caseloads, and the total amount of benefits expended have increased the workload for staff and systems delivering the social allowance, pensions and benefits programs. The Department now handles approximately 50% of all account payments made by Government. Increased productivity has been achieved through increased automation, a conscious decrease in the complexity of administrative processes, forms simplification, and an increase in the overall usage of auto-pay for social allowance recipients thereby increasing the case-handling capacity of staff.

Downsizing. The size of the Department peaked in 1981/82 at over 9,100 man-years. As a result of the transfer of resources to other Departments and man-year reductions commencing in 1983 and continuing through 1985, the Department's man-year complement now stands at just over 6,500 man-years. The revitalization of community enterprise (eg., native child welfare) may be expected to have additional impact in the coming years.

Responsibility Transfer. The Department has recently transferred service responsibility and associated resources to other Departments as noted earlier. More recent transfers have included Alberta Hospitals: Edmonton and Ponoka to boards under the Department of Hospitals and Medical Care. This alone

resulted in an overall man-year reduction for the Department of over 1,600 positions for 1983/84. In 1984/85, over 175 man-years were transferred to the Solicitor General's Department associated with implementation of the Young Offenders Act. These Acts accompanied by a general commitment to downsizing have reduced the Department's overall man-years from over 9,100 to 6,500.

Health and Safety. Issues of employee health and safety must be appreciated as a continuous concern in a Department with such a large volume of manpower and particularly when the manpower is concentrated in an institutional environment where the instance of injuries associated, for example, with client lifting is significant. There has been a reduction in the frequency rate of accidents, a consequent reduction in the number of employee days lost, and a reduction of the total financial compensation required for injured employees, thus reflecting enhanced employee welfare and service productivity within the public sector.

Automation. The Department has also strengthened its commitment to enhancing employee productivity through the introduction of electronic data processing in highly routine, paper-intensive areas of social assistance, mental health, and child welfare. Automation - particularly in support of front-line staff - is expected to further relieve staff of the routine, paper-intensive administrative responsibilities, allowing them to attend to matters of personal service quality. Automation recently introduced in the area of child welfare is speeding up the processing of information for social workers engaged in this most sensitive of services. Remote data entry has been achieved in the administration of the financial assistance program at the District Office level and in assembling the overall Department's budget through its decentralized operation.

Resource Restraint. Increases in administrative overhead and overall manpower expenditures have also been restrained. The stability of such expenditures has been achieved in spite of large salary settlements in 1982/83 and the establishment of a regional administrative structure.

Community Services. The Department remains committed to the development of comprehensive, community-based services and to the usage of existing

generic services as an alternative to institutional care. Such services are deemed more responsive to local needs, to more actively foster volunteerism, and should, therefore, offer a higher quality of service at a lower cost.

The Department has expanded its reliance on community services provided through grants ($224 million in 1985/86) to non-profit societies, local health authorities, and municipalities and through contracts ($101 million) for the maintenance of children and homes and the financing of professional, labour, and technical service support. These funds help maintain the community service base in areas of child welfare ($78.6 million), vocational rehabilitation services ($17.9 million), services for the handicapped ($46.3 million), mental health services ($12.7 million), and associated general health ($10.3 million) and community health and social services ($150.7 million). This expenditure of $325 million - representing 26% of the Department's budget - in transfer payments to municipalities, community agencies, and the commercial sector reflects the mixed approach for achieving an efficient and economical system of service delivery.

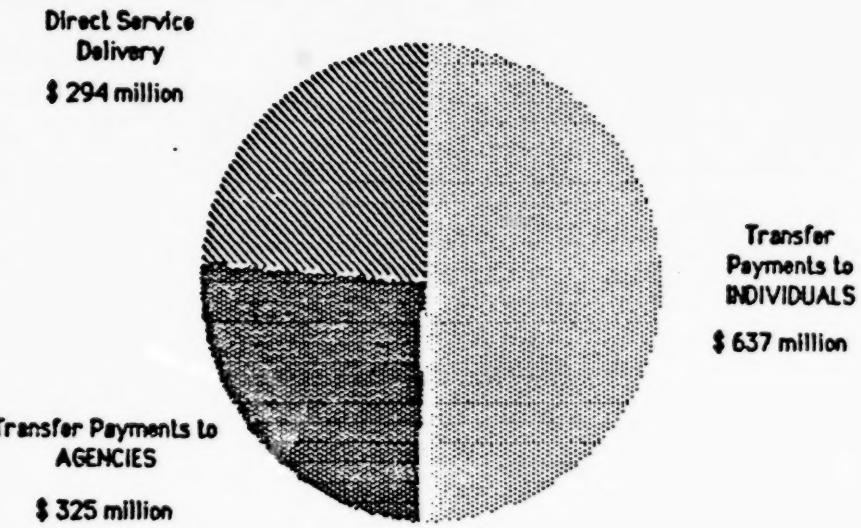
The commitment to community service is complemented by the expenditure of $637 million (50%) in transfer payments to individuals and families in the form of pensions, benefits, and allowances in 1985/86.

The remainder of the budget ($294 million) is for direct service delivery and associated program and administrative supports. It is these services which are under review to determine if additional efficiencies may be realized through their delivery in the non-public sector. Further expansion of the non-public sector in service deliver is contingent upon: (1) the presence of community enterprise, (2) the assembly of a good business case, and (3) the development of cost and quality standards.

Additional Measures. A range of additional measures are being investigated of a longer-term nature - including more formal and long-range human resource planning, modernization of information processing and communications, streamlining of those programs which may be over-regulated, and reshaping or refocusing of programs to improve their effectiveness. The Department's management processes are also under review. These measures are

1985/86 Budget Estimates
Alberta Social Services & Community Health

PROJECTED EXPENDITURES



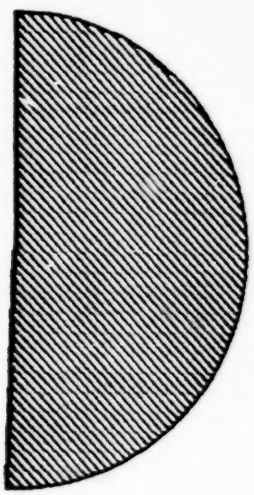
TOTAL $ 1.26 BILLION

Source: 1985/86 Government of Alberta Estimates of Expenditure

June 1985

1985/86 Budget Estimates
Alberta Social Services & Community Health

PROJECTED EXPENDITURES



$441 million - SOCIAL ALLOWANCE

Aged - $ 20 million
Single Parents - $ 192 million
Handicapped - $ 72 million
Employable - $ 142 million
Other - $ 15 million

$196 million - PENSIONS & BENEFITS

Aged - $ 64 million
Severely Handicapped - $ 93 million
Day Care Subsidy - $ 23 million
Widows - $ 16 million

TRANSFER PAYMENTS to INDIVIDUALS - $ 637 million

Source: 1985786 Government of Alberta Estimates of Expenditure

June 1985

1985/86 Budget Estimates
Alberta Social Services & Community Health

PROJECTED EXPENDITURES

224 million - GRANTS

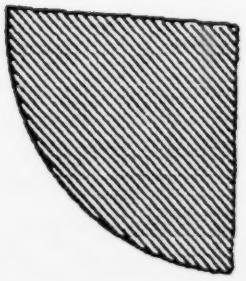
-profit Societies - $ 95 million

Municipalities - $ 129 million

million - CONTRACTS

enance in Homes - $ 69 million

ional & Technical - $ 32 million



TRANSFER PAYMENTS to AGENCIES - $ 325 million

Source: 1985786 Government of Alberta Estimates of Expenditure

June 1985

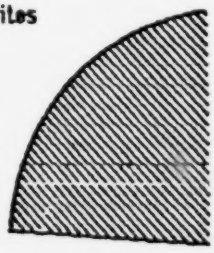
1985/86 Budget Estimates
Alberta Social Services & Community Health

PROJECTED EXPENDITURES

ISTRICT OFFICES

Social Assistance - $ 30 million 1163 manyears
Financial Assistance - $ 21 million 621 manyears

58 worksites



ENTAL HEALTH CLINICS

Clinical Services - $ 17 million 310 manyears 46 worksites

STITUTIONS

Residential Treatment - $ 121 million 3348 manyears 60 worksites

OTHER

Support Services - $ 105 million 1093 manyears 12 worksites

DIRECT SERVICE DELIVERY - $ 294 million 6535 manyears 176 worksites

Source: 1985/86 Government of Alberta Estimates of Expenditure

June 1985

aimed at enabling the Department to achieve further gains in service quality and enhanced service productivity. Savings in time and resources allow resources to be reallocated for further improving service quality and further broadening the coverage as necessary of the Department's service benefits.

FUTURE

FORCES OF CHANGE: 1985 TO THE FUTURE.

Growth in the Department's resources and responsibilities characterized the decade of the 1970's. Increasing productivity is dominating the 1980's as a response to the decade of growth and the need to increase service efficiency and effectiveness. The complexity of reorganization in the early 1980's was compounded by the onset of the economic downturn and associated calls for improved resource management. The need and opportunity for further increases in productivity and calls for broadening of social responsibility can be expected as additional forces transform our overall socio-economic environment. Consider the following:

- The welfare state which evolved over the last half century is under review. Federal revenue for public services is decreasing. Yet, the cost and demand - actual and forecast - for public services continues to increase. The locus of responsibility and degree of associated direct intervention of the state in matters of health and welfare is also being challenged. At the same time, the implications of the Charter of Rights and its impact on roles and responsibilities, is yet to be determined.

- Feminization of the workforce, relatively high rates of sustained unemployment, associated family and personal stress, and the aging of the population, are increasing the proportion of dependents within the population.

- Advances in computer technology and robotics are transforming industry as are advances in information processing which are revolutionizing all dimensions of work, service, and play.

- Advances in genetic engineering, life-extending techniques in the medical sciences, and psychopharmacology may further change the mix of public service consumers and service offerings. The impact of increased public awareness and concern regarding the incidence of socially transmitted diseases is uncertain.

- Increased international commitment to resolving issues of international trade, population growth, and associated resource and environmental conservation.

While some of the preceding forces may serve to reduce the general demand for public service, the sum total of their impact is expected to amplify:

- The continuing need for increased productivity.
- The search for alternative, less intrusive, and less expensive public services, and
- The need to reformulate policies and practices which govern the relationships between individuals and institutions, rights and responsibilities, justice and order.

These forces of change may also be expected to affect the role and responsibility of the Department in its delivery of social services. Funding for the existing array of services must be considered secure in light of the Alberta Government's White Paper's: "Proposals for an Industrial and Science Strategy for Albertans 1985-1990" proclaiming the Government's ". . . resolve to continue to respond with a 'safety-net' to meet the needs of the elderly, the handicapped, the sick, the unskilled, and the disadvantaged" (p. 69).

REVITALIZING COMMUNITY ENTERPRISE

The revitalization of community enterprise in the social and economic sectors offers the promise of carrying forward the gains in social equity of the 1970's, offering additional gains in service efficiency and effectiveness through the 1980's. The Department of Social Services and Community Health is reviewing its operations to identify additional services which could be more

efficiently undertaken by the non-public sector. This review is part of an on-going efficiency drive which commenced with regionalization in 1981.

Privatization. Privatization refers to the transfer of a publicly operated service to the non-public sector. "Non-public" may include firms in the private "for-profit" sector and agencies in the voluntary "not-for-profit" sector. The enterprise of the non-public sector has been a major contributor to the development of community health and social services in the province. A revitalization of community enterprise may allow further efficiencies to be realized in the delivery of services which have remained part of the Department's operation. This is expected to allow individuals, families, and communities:

- to play more of a role in identifying their needs and proposing solutions.
- to become more fully involved in service development and delivery.
- to achieve increased awareness and enhanced responsibility in matters of community health and social support.

. . . thereby helping to regulate service quality and service cost.

As Governments have increased the contracting-out of their services, a considerable literature has developed regarding the effectiveness and economics of privatization. Savas[1] notes an overall increase in service efficiency and service quality through increased service competition, improved management, a more appropriate mix of capital and labour and access to more mobile, flexible, and less expensive labour. Coucherne[2] notes additional financial measures which have been entertained for increasing individual responsibility and the usage of public services include, for example, user

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1 Savas, E.S., Privatizing the Public Sector. Chatham, New Jersey: Chatham House, 1982.

2 Coucherne, T., Privatization: Palliative or Panacea. Paper presented at seminar of the Institute for Research on Public Policy, Toronto, Ontario, February 1985.

fees and the taxing of service benefits. And, Gorecki and Stanbury[3] stress the importance of public policies which ensure the efficient allocation and reallocation of resources to where they will be most effective.

A careful review of existing programs and associated funding policies is required for the Department to consider increasing the involvement of the non-public sector in service delivery for realizing gains in efficiency and service quality. Savas has identified a number of options for further privatization of public services including: the provision of conditional grants, contracts, franchises, vouchers, establishment of boards and increased usage of the marketplace encouraging individuals to make their own service purchase arrangements.

The most effective delivery systems are those allowing an efficient allocation and reallocation of resources in response to the changing nature of social needs. To embark upon privatization is to acknowledge that the non-public sector is at the "cutting-edge" of social and economic activity - the margin where decisions relating to rights and responsibilities, personal and family adjustments, are made.

Increased privatization through an increase in community enterprise would broaden community, family, and individual responsibility for their health and welfare. With a decreasing role in service delivery, the Department would be expected to play an increasing role in ensuring socio-economic policy which respects the fair and equitable distribution of resources and the maintenance of service quality.

CASE STUDIES.

Community enterprise has been part of the Department's experience during the 1970's and early 1980's. Its revitalization in the social and economic sectors will enable the transfer of further public service responsibility for

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[3] Gorecki, P. and Stanbury, W.T., The Objectives of Canadian Competition Policy 1888-1983. Paper presented at seminar of the Institute for Research on Public Policy, March 1984.

service delivery to the non-public sector. The following is a listing of such initiatives:

1. Transfer to Boards:
   Alberta Hospitals: Edmonton and Ponoka
2. Deinstitutionalization - Community Service Development:
   Michener Centre, Baker Centre, Wetaskiwin Centre, Rosehaven
3. Community Enterprise: Contracting-Out:
   Native Councils, Child and Family Services; Institutional Food, Laundry and Housekeeping Services
4. Community Enterprise: Conditional Grants to Voluntary Sector:
   Hillside Apartments, Resources for the Dependent Handicapped
5. Jurisdictional Transfer:
   Legislation: Alberta School Act, Young Offenders Act, Child Welfare Act
6. Automation: Banking Institutions:
   Financial Assistance
7. Support Services: Contracting-Out
   Consultants, Research, Clerical Support

STRATEGIC OPTIONS

Service delivery remains the principal function of the Division of Social Services. The pursuit of increasing productivity and the decentralization of personal, family, and community responsibility for health and welfare is reshaping the Division's function into one of ensuring service to a prescribed standard.

There are several strategic options which will allow the Department to further divest its involvement in direct service delivery. These options are subsumed under a meta-strategy termed "revitalizing community enterprise". The intent of this section is to review the extent of the Department's involvement in service delivery and to identify feasible strategic options for further strengthening individual, family, and community responsibility in the interest of increasing service efficiency and effectiveness thereby allowing the Department to evolve into a role of ensuring service to a prescribed standard.

Financial Assistance. The Department is expecting to distribute over $637 million to over 100,000 financial assistance recipients in 1985/86. The distribution system has become increasingly automated with over 60% of all recipients of the Department's social allowance benefits on an automatic pay system. The distribution system, however, remains manpower-intensive involving over 500 clerks and social workers in over 50 District Offices distributed around the province. The program offers individuals and families a means of maintaining their purchasing power under adverse health, social, or economic circumstances. Indeed, pensions, benefits, and allowances to the employable, and to the single parent, the disabled, the aged, and widows, is fundamental to the "safety-net" ensuring social stability which we have come to expect as individuals and as a society.

What is at issue is whether or not it is politically, administratively, and economically feasible to enable the transfer of responsibility for service delivery from the province to other jurisdictions and whether or not delivery needs to continue to be manpower-intensive given recent advances in electronic technology.

A strategic option which has been under investigation in several areas of the country and internationally has been to increase usage of financial institutions - the banks - in the administration of public programs of financial assistance. This option would appear to be timely given the banking industry's "multi-service" direction. By engaging an established industry in our communities, we may achieve a degree of service integration, with redeeming social and economic merit beyond what District Offices have been able to achieve. By segregating those in need of financial assistance according to social categories, we may have only been serving to further isolate the individual from the mainstream of community.

Social Assistance. The majority of social programs for individuals in need of non-clinical support are offered in the form of information, referral, and counsel. This is the established domain of the voluntary sector and has been formalized under circumstances where services are highly specialized, the individual is in need of multiple services, and/or where the competency of the individual to manage the search and scheduling of service as is often the case

for persons with mental retardation. Otherwise, this service is basically one of information exchange, requiring little, if any, Government intervention.

Communities, special interest groups, and agencies within communities are showing initiative to assume an increased responsibility in the delivery of social services. For example, native councils are making it increasingly apparent that they want responsibility for the administration of native child welfare. Such arrangements are currently under negotiation and are reflective of the general intent of the new child welfare legislation to achieve a more effective balance in the role and responsibility of the family and Government. It is clearly this interface between Government and our social institutions of communities, families, and individuals which is under review.

Residential-Treatment Service. This is a primary line of service engaging thousands of staff within most provincial Government departments of Social Services and Community Health. The province of Alberta has since 1970 been engaged in the process of deinstitutionalization through the development of comprehensive community-based alternatives. Society has been showing an increased capability and willingness to accommodate special interest groups within its boundaries whether we are referring to persons with mental retardation, in need of developmental support, persons with sensory disabilities, those recovering from mental illness, or the homeless child, spouse, or transient. Jurisdictional boundaries and technological gains in medicine and rehabilitation have increased the accessibility of generic, community-based services of health and education for groups once unable to gain access to such service in the past.

The review of jurisdictional boundaries is an on-going endeavour but one which appears to be clearly moving in a direction questioning the necessity for the operation of residential-treatment institutions to be through the state. The source of financing may continue to be through taxation and the redistribution of public wealth. In summary, two strategic options are evident in terms of reducing the need for Government to be a direct service operator of residential-treatment centres; these options are: further deinstitutionalization guided by principles of preparing the person, preparing the community, and developing the support systems thereby enabling the

individual and resources to be repatriated, and the conduct of jurisdictional reviews likely to be facilitated by the new Charter of rights legislation. Many minority groups in special interest areas have become very sophisticated in mobilizing these options while others have just begun to assume responsibility. In the former instance, the field of mental retardation is well advanced in terms of the development of comprehensive community services and a reduced reliance on Government-operated residential-treatment resources. Funds have been continuing to move from payment of civil servants in residential-treatment resources to transfer payments in the form of grants to individuals (Alberta Assured Income for the Severely Handicapped), their families (Handicapped Childrens Services), and community agencies as a myriad of alternative residential-treatment supports have emerged within communities across the province. And more recently, the native community has begun to be heard as they seek increased responsibility for the provision of child welfare services for natives formerly the domain of Government-operated residential-treatment facilities and Government-designed programs of foster care.

Clinical Services. Where Government staff maintain a caseload for the provision of clinical support, one can envision the alternative of increased reliance on private practitioners and involvement of local and regional authorities in the provision of public "clinical" support.

On an associated theme, it will be important should Government entertain the divestiture of its involvement in direct clinical service, to have assessed the effectiveness of such services. Divestiture should not perpetuate the provision of publicly financed - though privately operated - services which are not effective or which may be fostering dependencies thereby eroding the development of self-reliance.

Support Services. Maintaining the civil service is an expensive undertaking. The Department of Social Services and Community Health has over 175 worksites accommodating over 6,500 staff at an operating cost of $294 million/year. Over 1,000 of these staff are in a supportive capacity engaged in policy and program development, evaluation and audit services, and operations support such as financial, administrative, personnel, and

information systems services. Clearly as service divestiture proceeds, a reduction in support staff must be entertained. In other instances, functions may be identified and advanced which can be more efficiently conducted through the private sector under a contracting-out arrangement.

PLANNING AND IMPLEMENTATION

The meta-strategy which encompasses the full array of strategic options cited in the previous section has be deemed "a revitalization of community enterprise". A vast literature has arisen in the last few years concerning Government's capacity to fully control the socio-economic environment. Keynsian economists are finding that manipulation of the money supply and/or Government spending is no longer effective for controlling the forces of inflation or recession. Social scientists are questioning the effectiveness and affordability of Government intervention and/or spending through programs of social intervention as a means of enhancing individual, family, and community responsibility for their health and welfare.

Should the role of Government be viewed as that of a catalyst for social commerce, then clearly, Departments of Social Services and Community Health must find the ways and means of not only sensitizing their management to this transformation, but of also developing management processes for the allocation of resources in a manner which will ensure service to a prescribed standard. Given this modified role, standards of service access, service efficiency, and service effectiveness, must be developed and monitored. The issue is not whether the public has the resolve to maintain the "safety-net", but whether gains in quality can be achieved while maintaining as much public service with less public servants.

Assessing the Feasibility of Privatization. As noted in the introduction to this paper, privatization refers to the act of increasing the involvement of the non-public sector in the delivery of a public service. Privatization is a public policy recognizing the social heritage of Albertans and their commitment to one another, their families, and their community. Privatization, or the revitalization of community enterprise in the social sector, may be expected to have a range of implications on the Department, and

Alberta in general. Privatization is, in effect, a vehicle for deinstitutionalizing service delivery with the following implications:

1. A reduction in the cumulative impact of Government growth, regulations and general intervention in the provision of social service and support within Alberta.

2. A strengthening of service accountability and the adoption of provincial service standards of quality (minimum) and cost (maximum).

3. Strengthening Alberta's market forces in the social service sector - with a preference to "Buy Alberta" - thereby leading to an increase in inter-agency competition, a strengthening of service accountability, with an increase in service quality, distribution, and containment of service costs.

4. Shifting the role of Government from that of service delivery to that of ensuring service to a prescribed standard.

5. The development of a more creative, flexible, and innovative approach to service development and delivery.

6. A strengthening of the social service industry - particularly in rural Alberta - through job and service relocation.

7. An enrichment of work opportunities and of the working environment for employees in the expanded community social service sector.

8. Increased opportunities for volunteers to participate in the community social service sector.

> "The message for public policy is clear. Let the market do what only it can do well: allocate human, natural and man-made resources to producers, and distribute goods and services to consumers. Let government do what only it can do well: maintain a legal and financial framework conducive to the smooth functioning of competitive markets, redistribute income to ensure a more just society, and use taxes and subsidies to eliminate differences

> between private and social costs and benefits. Let families and religious, philanthropic, and cultural institutions do what only they can do well: socialize the young, honour the old, transmit values, give texture and meaning to life, teach love, and inculcate faith in the possibility of human improvement." (Fuchs, V.R., How We Live, 1983).

Achieving Privatization. The options for achieving privatization are many. E.S. Savas (Privatizing the Public Sector, 1982) has provided a clear outline of the various options available for privatization including: self-service, service through vouchers, service through profit or non-profit corporations, service through franchises, a transfer of service to other Government jurisdictions, and service through locally elected boards.

The primary option being entertained for the privatization of social services is for an increase in the provision of conditional grants and the contracting of service through the non-public sector. Both the "not-for-profit" or voluntary sector and the "for-profit" or private sector can be expected to participate in expanding their involvement in the community social service sector. The voluntary sector offers many advantages, not the least of which is its capacity to mobilize extensive voluntary support in the interest of service quality. The private sector, on the other hand, offers strength in management and appeals to a certain entrepreneurial spirit often with access to capital.

Privatization must be initiated in keeping with the spirit of deregulation while at the same time offering an opportunity for reviewing and redesigning existing programs. This is in the interest of promoting a more productive, creative, flexible, and enterprising approach to service delivery. It would be accompanied by the development of necessary service standards and a funding reform to strengthen the Department's planning, budgeting, allocating, and control functions including its monitoring and negotiating capabilities. Funding reform is to ensure that service delivery is maintained at prescribed quality and cost standards.

The public service employee can contribute to the quality of service in the private or voluntary sector given their experience with Departmental programs and clientele. This latter point introduces one of the more critical factors

which will determine the degree of success of privatization, that of human *resource planning*.

Fundamental to success will be to secure a continuation of service and service quality while affording employees within the public service with opportunities for a continuation of their employment, either in the public or non-public sectors. Policies and planning in this regard need to be carefully conceived and thoroughly communicated in advance of a formal commitment to the privatization of any services.

In order for the Department to transfer services which it is currently engaged in delivering, there must be initiative from the non-public sector. This initiative will serve as a limiting factor on the rate of privatization and will be contingent upon increased public awareness of the intent of the Department and the ways and means entertained for privatization. It should be clear that the Department will require a clear mandate and communications plan for addressing the various interests of those groups which may be affected by further privatization of the Department's social services.

The remainder of this paper has been assembled to help assess:

What and When To Privatize? The answer to "why privatize?" has been addressed as being in the interests of improving service quality, containing costs, and broadening social responsibility. As the Department assesses the "privatize-ability" of its various services, it will be attempting to identify "what is privatize-able?", and "when is it privatize-able?". An assessment tool has been designed for guiding the assessment of "privatize-ability of a service. Usage of this tool will have several benefits:

1. To clarify the rationale for privatization.
2. To clarify what "privatization" means and is expected to achieve.
3. To clarify what is privatize-able and to assess a services' "readiness".
4. To identify what additional preparations may be warranted to increase the privatize-ability of a service.

An Assessment Tool. The environment conducive for privatization and the desirable and undesirable consequences of privatization were identified. Point assignments for associated criteria yielded a maximum total point assignment of +100 and minimum of -85. Assessments yielding a score in excess of +65 would appear to be prime candidates for "privatization". Caution, however, should be exercised in considering the "privatization" of a service with less than +30 points.

An assessment, will indicate those areas requiring adjustment in order to increase a service's readiness for "privatize-ability". The assessment will also help clarify the goals of "privatization" for a group or organization engaged in the conduct of an assessment.

A group or organization is encouraged to review the weightings assigned to each criteria and to revise them as necessary to reflect the group or organization's rationale in embarking upon "privatization".

1. Quality. Service quality will improve (15), remain unchanged (5) or decrease (-15) through privatization.

2. Standards. The service under consideration for privatization currently meets (5), or does not meet (-5) existing Departmental standards. (In the absence of standards, the following criteria should be assessed, standards are being (5), can be (3) or cannot be (-5) developed for monitoring service quality.

3. Supplementary Support. Privatization will increase (5), have no effect (2), or decrease (-5) the availability of supplementary support (eg., volunteers, grants, revenue).

4. Manpower Intensive. The manpower costs (salary and benefits) of rendering this service are 80% or more (5), between 79 and 50% (3), or less than 50% (1).

5. Accessibility. The accessibility of service will improve (10), not be affected (5), or deteriorate (-5).

6. Existing Vendors. There are multiple (10), only one (5), or no (-10) vendors within the geographic area to be served who will bid on a tender to privatize this service.

7. Staff Transfer. All (5), or some (3), Departmental staff currently performing this service will be hired by the proposed service operator.

8. Cost Savings. Privatization of the service will yield a cost savings over administrative costs greater than 10% (10), between 10% and no savings (5), an increase of up to 10% (-5), or an increase greater than 10% (-10).

9. Expenditure Control. Privatization of this service will enhance control over operational expenditures (10), have no impact on control over operational expenditures (5), or substantially reduce control over operational expenditures (-10).

10. Automation. Automation of this service is not feasible (10), feasible but with little cost savings (5), feasible with considerable cost savings (-5), or underway (-10).

11. Demand. Service demand for this service is stable (5), rising (1), or dropping (-5).

12. Other. There are ten discretionary points which can be assigned (10), or subtracted (-10) to reflect factors which would contribute (+) or detract (-) from the "privatize-ability" of this service. These would include, for example, known public, political, or union acceptance/ resistance; recency of public service involvement in the delivery of this service; etc.

The Stages of Privatization. The privatization of a service typically proceeds through several stages. The first stage may be deemed conceptual and constitutes a "notice of intent". During this stage, the organization comes to understand its "business" and is involved in assessing its current

operation, defining privatization, and assessing the feasibility of the service's divestiture.

The second stage or evaluation is the stage during which an organization attempts to measure the value of its current service and to assess the implications - costs and benefits - of its privatization. This stage typically concludes with the granting of "approval-in-principle" for which a consultation or communications plan is warranted.

"Operational approval" is granted upon the successful completion of the consultation or communications process involving various interest groups, the securing of necessary resources, and the submission of an approved strategic plan for implementation.

Implementation constitutes the actual transfer of responsibility for service administration. Implementation is the most complex stage of privatization as it involves the actual "disassociation" and/or "disassembly" of an existing operation. Only the most senior Departmental authority would be vested with responsibility for providing "approval-in-principle" and "operational approval" for any privatization initiative.

CONCLUSION

The Government remains committed to a quality "safety-net" of health and welfare services. The divestiture of direct service responsibility to the non-public sector through the revitalization of community enterprise must be carefully nurtured and thoroughly explained. The success of this venture will be dependent upon the vision of the Department's employees and the public's continuing commitment to quality, but effective, social services.